

Economic Impact Overview

Intermodal Review Committee

May 16, 2006

Presented by

Southwest Johnson County Economic
Development Corporation

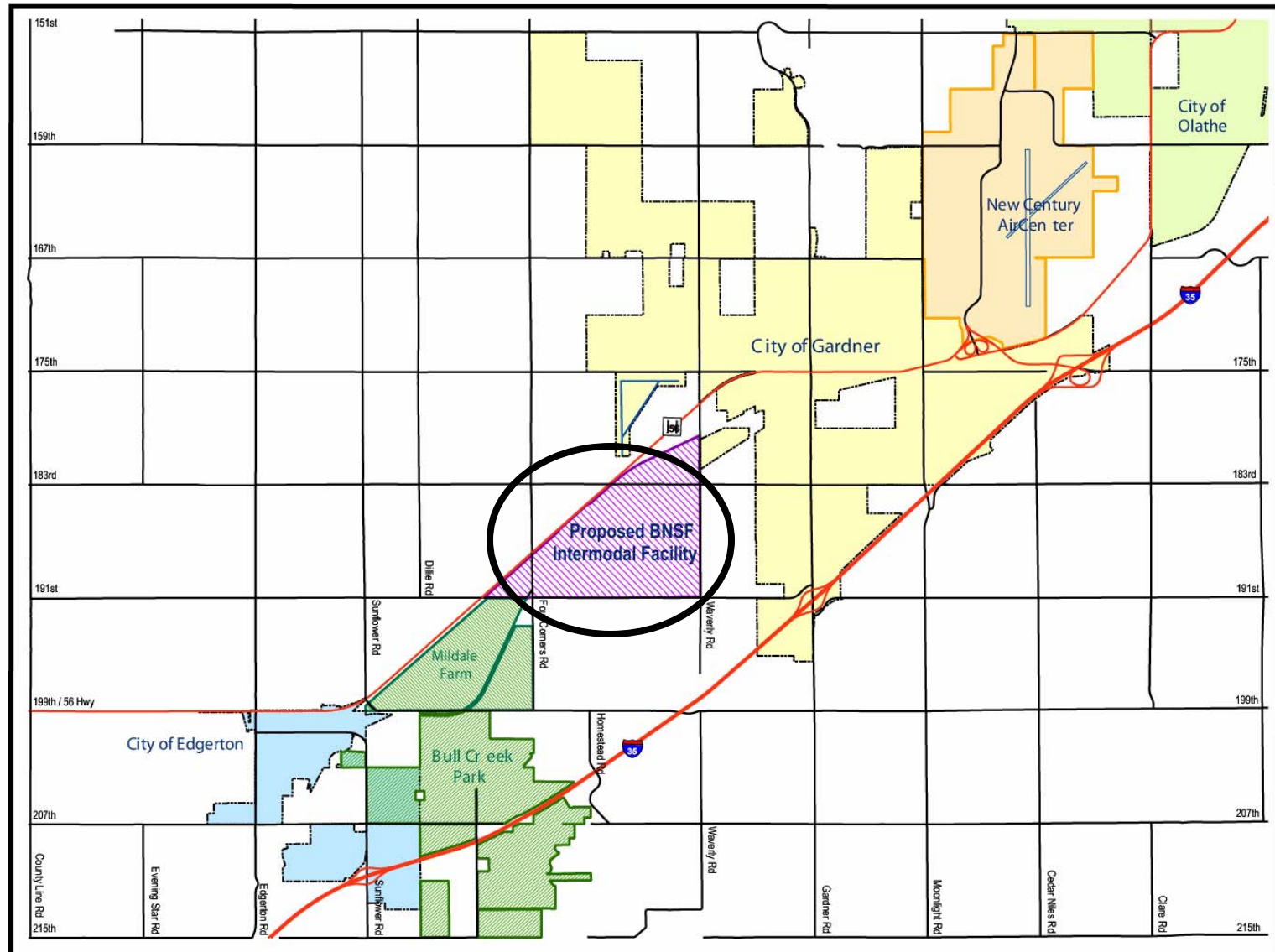
Introduction

- Role of SJCEDC
- Why this location, project drivers
- What did we review?
 - Property tax generation
 - Current and projected tax situation
 - Impact to school district
 - Wage comparison
 - On-site facility pictures
 - Considerations

Area Mill Levies

• Overland Park	107.579
• Prairie Village	108.496
• Lawrence	111.515
• Shawnee	117.512
• Leawood	119.451
• Lenexa	122.243
• Olathe	125.872
• DeSoto	127.863
• Gardner	135.731
• Leavenworth	136.153
• Edgerton	158.247
• Unified Govt.	160.997

Project Area



Property Tax Generation

- SJCEDC Economic Impact
 - Intermodal Logistics Park Area Only –
 - 1,100 acres
 - Includes Land & Building Property Taxes - 800 acres
 - 300 acres for intermodal facility
 - Taxed differently by federal/state law
 - Building cost at \$50 per sq. ft.
 - No depreciation
 - 20 Years
 - Total of 12M sq. ft. estimated total development by year 2020 on site
 - Tax generation levels out from 2020-2028

Property Tax Generation – 20 Year Total

Total Taxes Generated 2009-2028

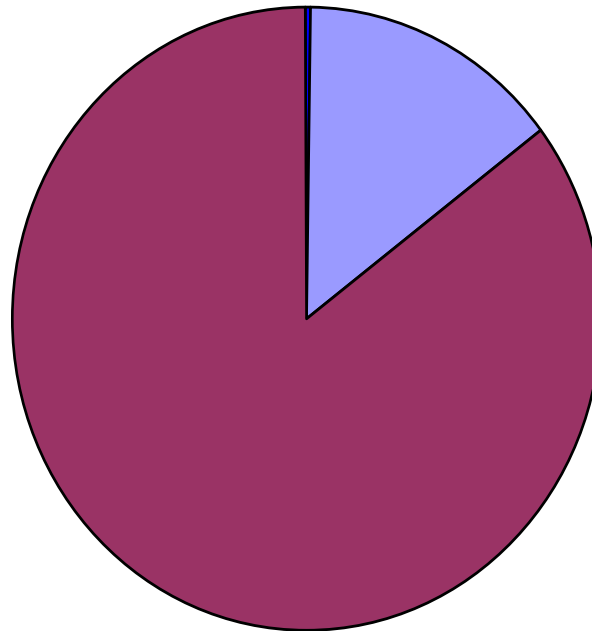
Land & Buildings only

City of Gardner:	\$ 58.6M
USD 231:	\$190.0M
Johnson County:	\$ 43.6M
State of KS:	\$ 3.7M
JoCo Comm. College:	\$ 21.8M
JoCo Library:	\$ 7.2M
JoCo Parks & Rec:	\$ 5.6M
Total:	\$330.5M

Tax Diversification

2006 City of Gardner Property Tax Burden - Actual

Residential
\$1,210,024
85%

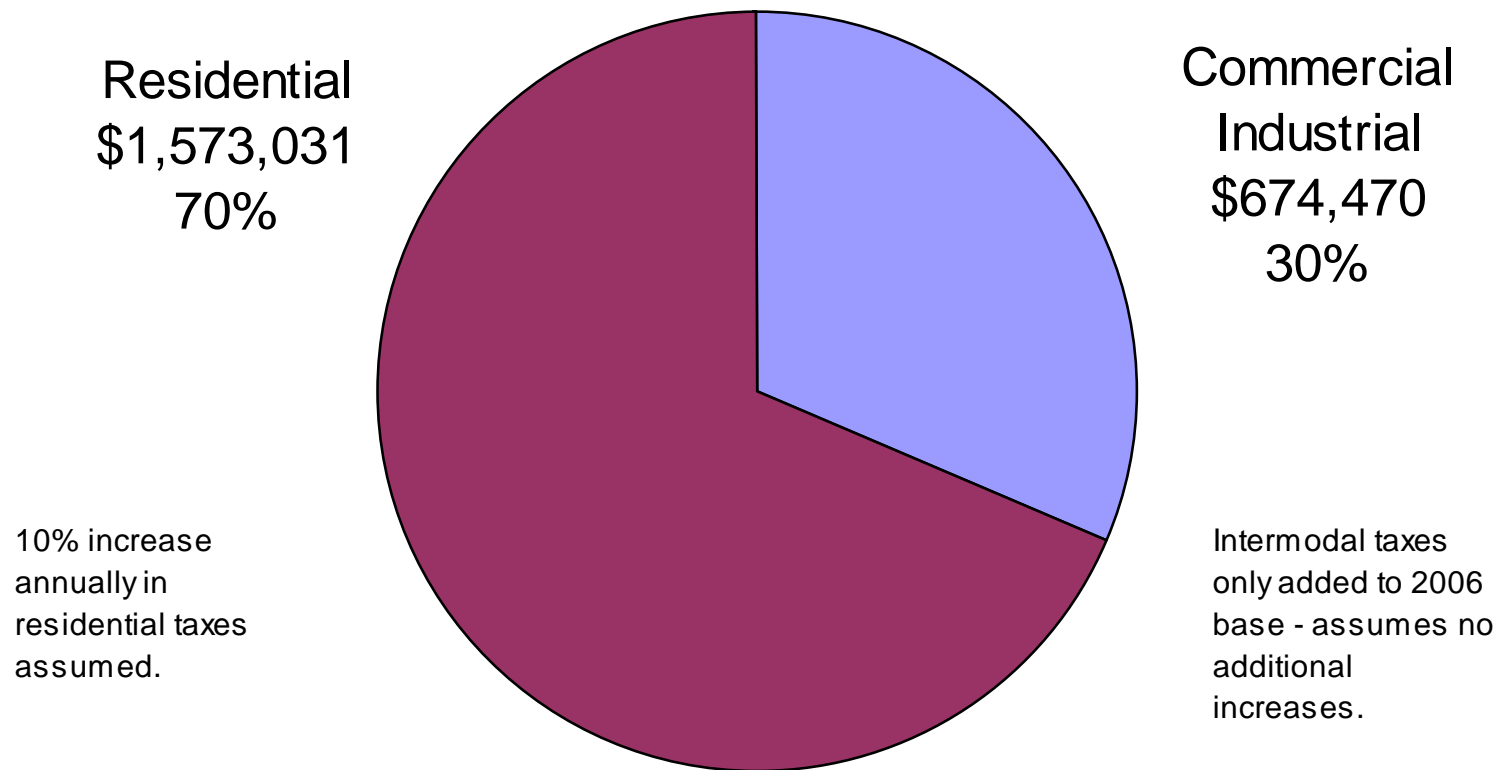


Commercial
Industrial
\$208,603
15%

Source: Johnson County Treasurer's Office

Tax Diversification

2009 City of Gardner Property Tax Burden - With Intermodal



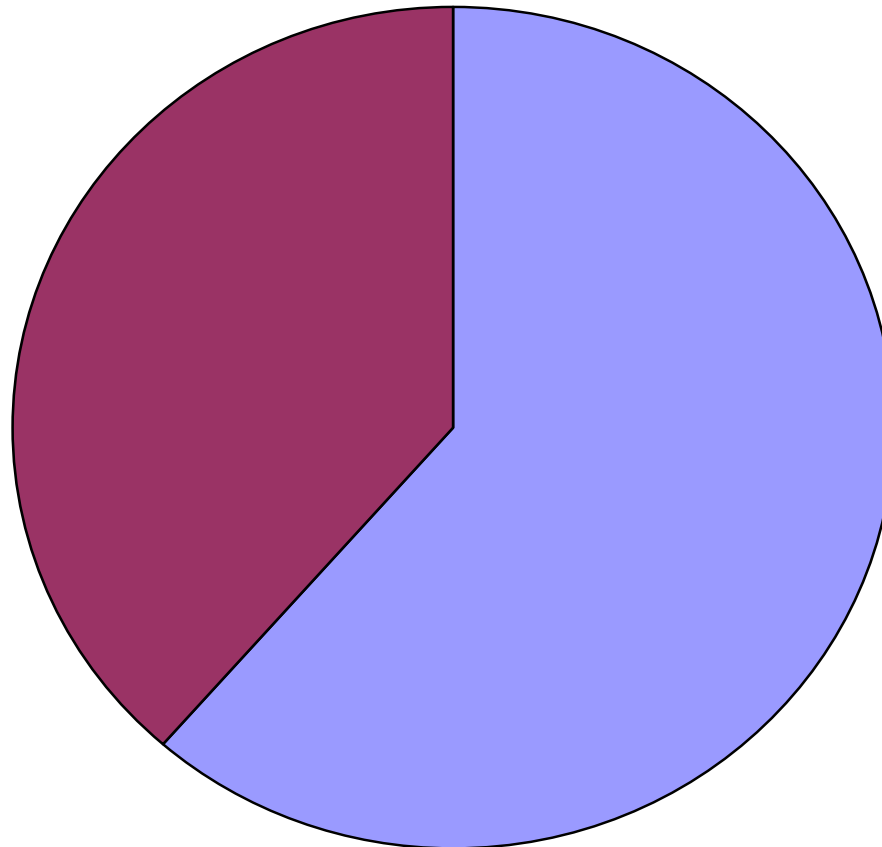
Source: Johnson County Treasurer & SJCEDC

Tax Diversification

2020 City of Gardner Property Tax Burden - With Intermodal

Residential
\$2,904,057
42%

10% increase
annually in
residential



Commercial
Industrial
\$4,017,235
58%

Intermodal
taxes only
added to
2006 base -
assumes no
additional
increases.

Source: Johnson County Treasurer & SJCEDC

Property Tax Comparison

- Property is assessed based on use classification.
- Residential property is assessed at 11.5% of market value
- Commercial and improved agricultural land is assessed at 25% of market value.
- 85% of Gardner's assessed value is currently residential.

Property Tax Comparison

- 1M sq. ft. building = \$1,696,650¹
– \$50M value
- \$150,000 home² = \$2,341
- Takes 725 homes = 1M square feet industrial

Source: ¹SJCEDC, ²Johnson County Appraiser's Office

Property Tax Comparison

- Higher non-residential tax base = more revenue from annual increases in assessed valuation. (11.5% vs. 25% assessed value)
- Could minimize the need for future increases in the tax levy.
- 2006 city mill rate of 24.092
 - \$150,000 residential home = \$415.59 of City property tax revenue
 - \$150,000 industrial property = \$903.45 of City property tax revenue.
 - It would take increasing the city mill rate by almost double to generate that same amount of revenue from the residential property.

Impact to School District

- School mill levy significantly impacted by assessed valuation
- School district is growing at 8% per year with 3,800 students today. Student population will double over next 9-10 years to 7,600 students.
- Projections indicate that growth will continue at this rate indefinitely.

Source: USD 231

Impact to School District

- Will require \$130M in additional new facilities over next 10 years (2nd high school, 3rd middle school, 2 elementary, technology enhancements).
- School taxes are directly related to assessed valuation.
- In order to fund \$130M over next 10 years and stabilize the school mill levy the community needs a 13% increase in assessed valuation annually.
- Assessed valuation increasing at an average 7.68% over the last 5 years.

Source: USD 231

Impact to School District

- Current Assessed Valuation¹
 - \$186M

- To meet 13% increase USD 231 needs¹:

\$24M in FY07

\$27M in FY08

\$31M in FY09

\$35M in FY10

\$39M in FY11

\$44M in FY12

\$50M in FY13

\$56M in FY14

Intermodal Logistics
est. assessed value²:

\$0 in FY07 (construction)

\$0 in FY08 (construction)

\$10.6M

\$25.6M

\$40.6M

\$55.6M

\$70.6M

\$85.6M

Source: USD 231, SJCEDC

Impact to School District

Year	Assessed Valuation - 2007-2014 Estimated	Growth in Assessed Valuation Based on 8% Growth	Growth Needed in Assessed Valuation Based on 13% Increase	Deficit (8% Growth Minus 13% Needed) - no Intermodal Logistics	Incremental Additional Assessed Value of Intermodal Logistics	Deficit/Surplus (8% Growth Minus 13% Needed with Intermodal Logistics)
2006	\$ 186.0	Baseline				
2007	\$ 200.9	\$ 14.9	\$ 24	\$ (9.1)	\$ -	(\$9.1)
2008	\$ 217.0	\$ 16.1	\$ 27	\$ (10.9)	\$ -	(\$10.9)
2009	\$ 234.3	\$ 17.4	\$ 31	\$ (13.6)	\$ 10.6	(\$3.0)
2010	\$ 253.1	\$ 18.7	\$ 35	\$ (16.3)	\$ 15.0	(\$1.3)
2011	\$ 273.3	\$ 20.2	\$ 39	\$ (18.8)	\$ 15.0	(\$3.8)
2012	\$ 295.2	\$ 21.9	\$ 44	\$ (22.1)	\$ 15.0	(\$7.1)
2013	\$ 318.8	\$ 23.6	\$ 50	\$ (26.4)	\$ 15.0	(\$11.4)
2014	\$ 344.3	\$ 25.5	\$ 56	\$ (30.5)	\$ 15.0	(\$15.5)
	(amounts in millions)					

Potential Funding Sources

- Federal – particularly new interchange
- State
- County
- City
- BNSF – Direct & Benefit District
- Third Party Developer – Benefit District
- Early in the process for definites.

Wage Comparison-Johnson County

Comparison of wages for prevalent industries in Southwest Johnson County

	Employment	Avg. Hourly Wage
All Johnson County Occupations	296,550	\$18.71
Education, Training & Library	12,380	\$16.18
Food Preparation & Serving-Related Occupations	24,340	\$8.45
Personal Care & Service	6,540	\$10.47
Sales & Related Occupations	40,410	\$18.49
Office & Administrative Support	57,750	\$13.31
Production Occupations	15,000	\$13.36
Transportation & Material Moving	19,250	\$13.91

Source: County Economic Research Institute,
Johnson County Wage & Salary Report 2005

Wages

- Wages at Intermodal Facility
 - Estimated \$10-\$20 per hour
 - \$20,800 - \$41,600
- Wages at Distribution Facilities
 - Estimated \$10-\$15 (excluding management)
 - \$20,800 - \$31,200
- Employers in Zip Code 66030 Pay on average \$10.90 per hour¹
- Johnson County
 - Heavy reliance on retail jobs
 - Nationwide, fewer manufacturing jobs
 - Service industry economy

Source: ¹County Economic Research Institute

Job Creation

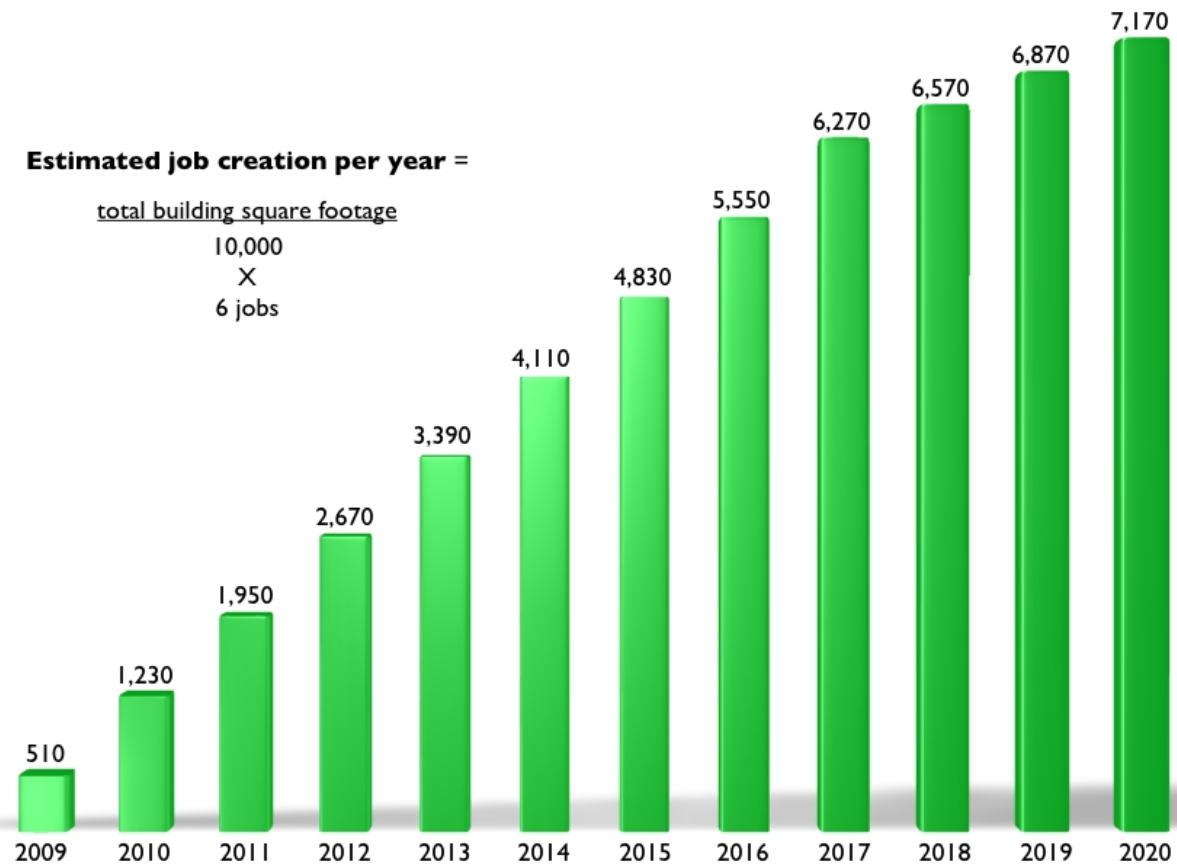
Estimated job creation per year =

total building square footage

10,000

X

6 jobs



Facility Comparison

- Proposed facilities expected to be similar to these Johnson County facilities:
 - Aldi Distribution - Olathe
 - Systems Material Handling – Olathe
 - Foodbrands/Tyson – Olathe
 - Dillards Distribution - Olathe
 - JC Penney Distribution – Lenexa
 - Kraft - Shawnee

BNSF Joliet Intermodal Distribution



BNSF Joliet Intermodal Distribution



BNSF Joliet Intermodal Distribution



BNSF Joliet Intermodal Distribution



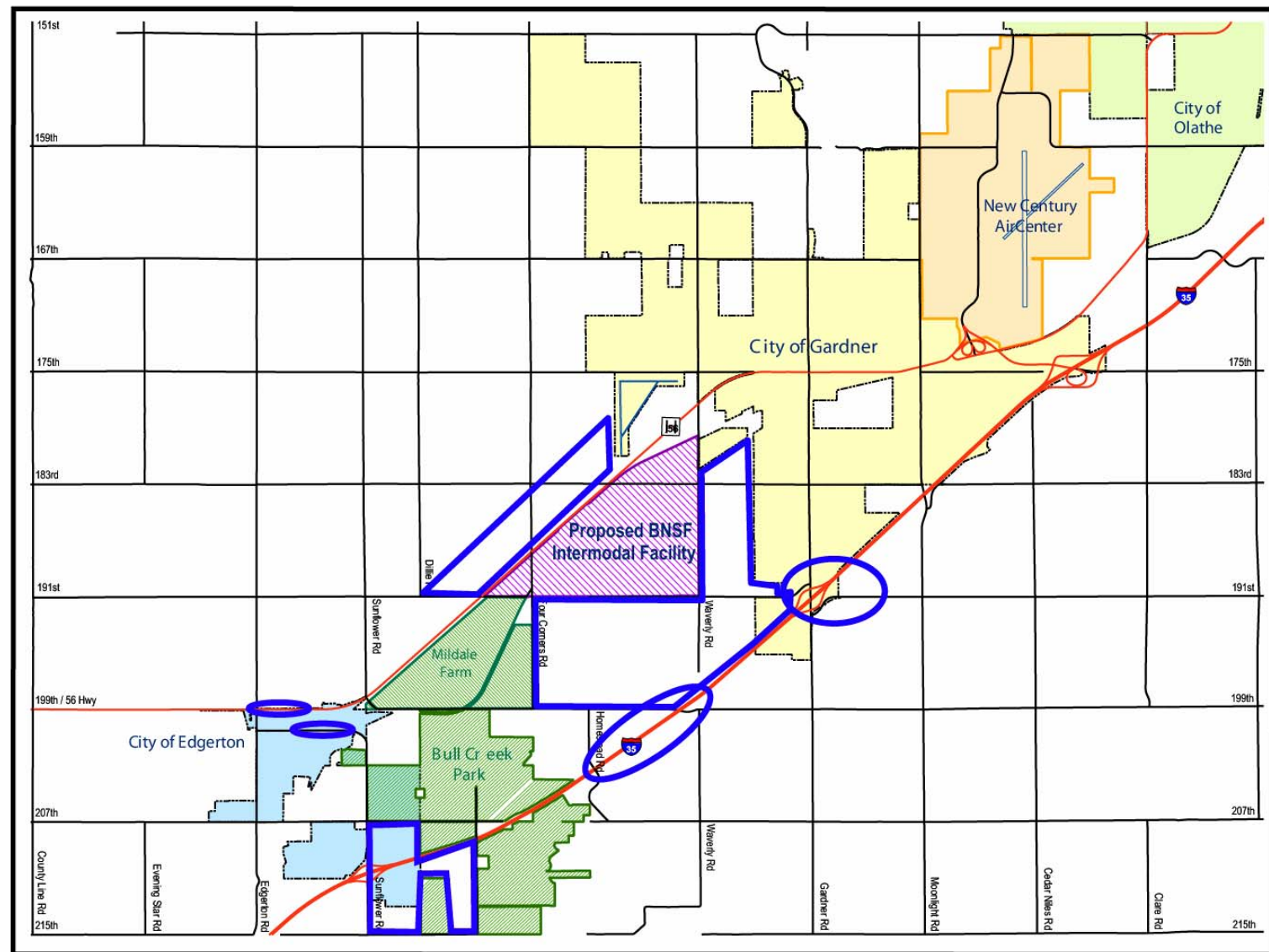
BNSF Alliance Intermodal Distribution



BNSF Alliance Intermodal Distribution



Other Development Areas



Considerations

- Gardner
 - Improvements to Gardner Road interchange good for future retail projects and growth in general
 - Long term use of Gardner Road likely to impede retail development in that area
 - 191st Street corridor and buffer areas create opportunities for business and commercial park setting – i.e. Commerce Park in Lenexa at 435/Lackman both sides of interstate.
 - New interchange opens up additional development opportunities.
 - Workers provide steady supply of potential sales.
 - No direct impact expected on number of homes to be built.

Considerations

- New Century AirCenter
 - Low impact on development, different market
- Edgerton
 - Quickened pace for home development
 - Rooftops = retail development
 - Grade separation important to downtown/Hwy 56 development, movement of residents, connecting community, public safety
 - Could expedite needed north/south connection from I-35 to K-10
 - Spin-off industrial development diversifies tax base

Conclusion

- Bottom line - Gardner is growing
- High tax rate
- In the face of growth, the intermodal logistics project is one way to diversify the tax base, and provide quicker residential tax relief